

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

LC 70

In the Matter of

PACIFICORP dba PACIFIC POWER,

2019 Integrated Resource Plan.

Final Comments of
Renewable Northwest

March 4, 2020

I. INTRODUCTION

Renewable Northwest is grateful to the Oregon Public Utility Commission (“the Commission” or “PUC”) for the opportunity to submit these Final Comments on the 2019 Integrated Resource Plan (“IRP”) filed by PacifiCorp on October 18, 2019.

Renewable Northwest continues to offer general support for PacifiCorp’s IRP, following on our January 10, 2020 Initial Comments. In these Final Comments, we support the level of detail presented in PacifiCorp’s preferred portfolio and action plan, noting that the Commission’s rules and orders do not require utilities to identify specific resources targeted for procurement as part of their IRPs. We then follow up on our previous comments regarding the importance of aligning PacifiCorp’s planning and procurement processes and their parallel queue reform processes, as well as ensuring that these processes proceed in time to benefit from sunseting federal tax credits. Finally, we offer brief commentary on a number of issues, including: the additional benefits that modeling suggests will result from the extension of the federal Production Tax Credit (“PTC”) for wind generation, PacifiCorp’s approach to compliance with the Oregon Renewable Portfolio Standard (“RPS”), PacifiCorp’s commitment to additional economic analysis of its coal fleet in future IRP cycles, PacifiCorp’s similar commitment to refining its methodology for assessing system reliability, and noting the possibility of future comments regarding PacifiCorp’s proposed Gateway South transmission project.

Overall, we continue to appreciate PacifiCorp’s work to transform its system to a more modern, dynamic one that increasingly relies on an array of non-emitting resources, responding to the climate imperative while also offering economic benefits to customers.

II. COMMENTS

1. PacifiCorp’s Preferred Portfolio and Action Plan Are Sufficiently Detailed To Meet Commission Guidance.

As Renewable Northwest has noted in other IRP dockets, Commission guidance indicates support for IRPs that identify general resources rather than specific ones.¹ In adopting the current IRP Guidelines in Order 07-002, the Commission stated that “[t]o keep the IRP process separate from the procurement process, [the Commission] prefer[s] to acknowledge general, not specific resources, in the IRP process.”²

PacifiCorp’s preferred portfolio includes a detailed table of resources selected by its model by resource, location, nameplate capacity, and year,³ as well as a visual representation presenting those resources on a rough map of PacifiCorp’s system,⁴ and a table with more detailed proxy resource specifications that can help inform a stakeholder’s understanding of the resources included in the preferred portfolio.⁵ Given the breadth of the resources identified in PacifiCorp’s preferred portfolio, its Action Plan is likewise broadly directed at pursuing an all-source Request for Proposals (“RFP”). While Staff express concern with “the lack of specificity in terms of the quantity or type of resource that might be procured” in the RFP,⁶ a competitive procurement process with bids reflecting real rather than proxy resources may well result in customer savings beyond those modeled in the IRP process and attributable to resources without a directly comparable proxy in the IRP process.

2. Renewable Northwest Encourages Continued and Timely Alignment of PacifiCorp’s Action Plan and Interconnection Queue Reform.

Renewable Northwest appreciates PacifiCorp’s efforts to align its IRP action plan, including a significant proposed procurement, with its interconnection queue reform process. These comments will walk through some of the timing elements presented in different filings in order to underscore the importance of maintaining an aligned and timely schedule.

In its IRP Action Plan, PacifiCorp proposed the following New Resource Actions:

¹ See, e.g., Oregon Public Utility Commission Docket No. LC 73, Reply Comments of Renewable Northwest at 6 (Dec. 17, 2020), available at <https://edocs.puc.state.or.us/efdocs/HAC/lc73hac154938.pdf>.

² Order No. 07-002 at 25.

³ IRP at 258.

⁴ *Id.* at 279.

⁵ *Id.* at Table 6.1, pp. 132-34.

⁶ Staff’s Initial Comments at 59.

- PacifiCorp will issue an all-source request for proposals (RFP) to procure resources that can achieve commercial operations by the end of December 2023.
- By the end of Q4 2019, file a request for interconnection queue reform with the Federal Energy Regulatory Commission (FERC) and make state filings to initiate the process of identifying an independent evaluator.
- In Q1 2020, file a draft all-source RFP with the Public Utility Commission of Oregon, the Public Service Commission of Utah, and the Washington Utilities and Transportation Commission, as applicable.
- In Q2 2020, receive approval from FERC to reform the interconnection queue.
- In Q2 2020, receive approval of the all-source RFP from applicable state regulatory commissions and issue the RFP to the market.
- In Q3 2020, identify a preliminary final shortlist from the all-source RFP and initiate transmission interconnection studies consistent with queue reform as approved by FERC.
- In Q2 2021, identify a final shortlist from the all-source RFP, and file for approval of the final shortlist in Oregon, file, certificate of public convenience and necessity (CPCN) applications, as applicable.
- By Q2 2022 execute definitive agreements with winning bids from the all-source RFP.
- By Q4 2023, winning bids from the all-source RFP achieve commercial operation.⁷

PacifiCorp then filed its interconnection queue reform proposal with FERC on January 31, 2020, noting the following regarding timing:

PacifiCorp and its stakeholders have discussed at length whether and how to align the timing of the instant queue reform proposal with the timing of PacifiCorp's upcoming 2020 RFP. Some stakeholders have pointed to the approach taken by PSCo to align its past queue reform efforts with its resource procurements and urged PacifiCorp to do the same. Other stakeholders noted that it would be harmful to the development community if the timing of queue reform is not properly aligned with the commercial opportunity presented by the 2020 RFP. This is particularly true because, as has been noted by stakeholders, being selected in PacifiCorp's resource procurement function's RFP may be the primary means

⁷ IRP at 276-77.

by which certain projects in the queue demonstrate commercial readiness, particularly for the Transition Process. Consequently, PacifiCorp urges the Commission to grant the requested April 1, 2020 effective date for the enclosed reforms.⁸

The queue reform proposal also includes a key date that is relevant to PacifiCorp's IRP Action Plan: "To enter the Transition Cluster Study, Large Generator Interconnection Customers will have to demonstrate commercial readiness by October 15, 2020."⁹ On February 21, 2020, Renewable Northwest filed comments with FERC generally supporting PacifiCorp's queue reform proposal.¹⁰

On February 5, 2020, PacifiCorp filed Reply Comments in this docket noting, among other things, that "[t]he company's RFP is anticipated to be filed for approval with state regulatory commissions during the first quarter of 2020 and issued to potential bidders during the second quarter of 2020."¹¹

On February 24, 2020, PacifiCorp filed an application ("Application") to open a docket for selection of an independent evaluator to oversee the company's proposed resource procurement; the Application included both a draft request for proposals ("RFP") and an updated timeline. The Application called out a few key dates before presenting a detailed schedule:

- Oregon workshop with stakeholder to review proposed RFP scoring methodology on March 12, 2020;
- Oregon workshop with stakeholders to review IE bidders on March 16, 2020; and
- Oregon Commission selection of IE and approval of RFP scoring methodology on April 7, 2020.¹²

⁸ PacifiCorp Queue Reform Proposal at 13-14.

⁹ *Id.* at 7.

¹⁰ Federal Energy Regulatory Commission Docket No. ER20-924, Comments of Renewable Northwest (Feb. 21, 2020), available at https://elibrary.ferc.gov/idmws/file_list.asp?document_id=14836936.

¹¹ PacificCorp's Reply Comments at 25.

¹² Application at 7.

EVENT	TARGET DATE
Receive IE Bids	March 9, 2020
IE Approval at Open Public Meeting	April 7, 2020
File Draft RFP with Oregon Commission	April 24, 2020
IE Files Report on Draft RFP	April 27, 2020
Party Comments on Draft RFP	May 11, 2020
PacifiCorp Reply Comments	May 18, 2020
Final RFP Approval at Open Public Meeting	June 23, 2020
RFP Issued to Market	June 29, 2020
RFP Bids Due	July 29, 2020
RFP Final Shortlist Filed with the Commission	June 10, 2021
IE Closing Report on RFP	June 17, 2021
Party Comments on IE Closing Report	July 6, 2021
Final Shortlist Acknowledgement	September 9, 2021
Execute Agreements	November 8, 2021

Table 1: PacifiCorp proposed RFP timeline.¹³

PacifiCorp’s Application contains one other discussion that is important to consider for purposes of ensuring a well-aligned and timely process:

The proposed timeline (i.e., seeking to have the initial short list completed by mid-October 2020) will also allow the Company to acquire the most cost effective resources available because this timeline accommodates both ITCs and PTCs. By accommodating the two sunset periods the Company will have the benefit of evaluating different resources in the same RFP to select the most competitive projects. While the extension of PTCs through December 31, 2024, allows additional time to complete wind resource development, it is important to conduct the 2020AS RFP ahead of the December 31, 2023 reduction in the ITC (from 30 percent to 10 percent) in order to allow solar projects to submit competitive bids.¹⁴

The clearest takeaway from all of these filings is that aligning these processes to facilitate a competitive major procurement is logistically challenging. So far, PacifiCorp has been able to hew close to its proposed timeline. However, a delay in any one process is likely to delay the procurement writ large. And it is already possible that the back end of the proposed schedule -- in particular, a June 2021 final shortlist with acknowledgment targeted for September 2021 -- may be too far in the future to allow PacifiCorp to leverage the full benefit of retiring federal tax

¹³ Application at 9.

¹⁴ Application at 5.

credits for customers.

With all this in mind, Renewable Northwest recommends that the Commission endeavor to keep all processes relevant to PacifiCorp's proposed procurement on track with or even ahead of PacifiCorp's proposed timeline. At the Commission's February 13, 2020 meeting, Staff suggested extending the timeline for reviewing PacifiCorp's scoring methodology by four months. While Renewable Northwest appreciates the challenge inherent in reviewing the details and scoring methodology of an RFP on the scale proposed by PacifiCorp, we are also concerned that any significant delay could affect the viability of passing along the benefits of expiring federal tax credits to PacifiCorp's customers. Rather than delaying any of the processes underlying PacifiCorp's proposed procurement, in fact, accelerating some dates on the back end of PacifiCorp's proposed timeline may be appropriate.

3. Other Issues:

a. PTC Extension

Renewable Northwest appreciates the additional detail PacifiCorp provided in its February 5, 2020 Reply Comments and its February 13, 2020 presentation to the Commission in response to Staff's request¹⁵ regarding the effects of the one-year extension of the federal PTC. In its Reply Comments, PacifiCorp reported that "[t]he re-run of the preferred portfolio" factoring in the PTC extension "resulted in the incremental addition of 2,130 megawatts of wind in 2025 located at Goshen, Idaho (450 MW), Utah (300 MW), Southern Oregon (500 MW), and Yakima, Washington (395 MW)," with an overall net benefit of \$517 million.¹⁶ PacifiCorp further noted that, while "[t]hese findings would not influence PacifiCorp's 2019 IRP action plan," they may "highlight that new wind resources offering bids into [its] All-Source RFP may be more competitive."¹⁷ This potential shift in the competitiveness of wind resources helps underscore the value of avoiding rigidity in procurement processes.

b. Renewable Portfolio Standard

Renewable Northwest likewise appreciates PacifiCorp's additional clarity regarding its RPS compliance strategy. PacifiCorp reports "that it has no plans to sell any Oregon-allocated RECs," and that "[i]n states with RPS compliance obligations, the company retains all RECs in excess of RPS requirements to ensure future compliance and avoid future, higher costs of such

¹⁵ Staff's Initial Comments at 26.

¹⁶ PacifiCorp's Reply Comments at 47.

¹⁷ *Id.*

compliance.”¹⁸ As Renewable Northwest has noted in other contexts, maintaining a REC bank rather than selling banked RECs in the face of increasing RPS obligations represents sound risk management.¹⁹

c. Future Coal Analysis

In Renewable Northwest’s Initial Comments, we expressed our appreciation for the work PacifiCorp did this IRP cycle to identify uneconomic coal units and explore accelerated retirements; we also “encourage[d] the Commission and PacifiCorp to ensure that refreshed economic analysis of PacifiCorp’s coal fleet continues to inform PacifiCorp’s future resource planning efforts.”²⁰ Staff, too, “[f]ound] that the coal study and IRP development process have identified potential savings for ratepayers through economic coal retirements” and “expect[ed] that PacifiCorp will continue evaluating its planned coal retirement dates through further analysis in the next IRP cycle.”²¹ Accordingly, we appreciate PacifiCorp’s commitment that “the company will also continue to re-evaluate the economics of its coal units in future IRPs” and looks forward to engaging in that evaluation process.²²

d. Reliability Analysis

As Renewable Northwest discussed in our Initial Comments, a significant portion of PacifiCorp’s stakeholder engagement process in developing its 2019 IRP was dedicated to understanding and addressing system reliability as the company adjusted its modeling to reflect accelerated coal retirements and the procurement of significant new variable, non-emitting renewable resources.²³ As with PacifiCorp’s overall coal analysis, this work represented an important first step that facilitated PacifiCorp’s eventual preferred portfolio comprising almost entirely non-emitting and renewable resources within the action plan window. Also as with PacifiCorp’s overall coal analysis, however, Renewable Northwest views this work as ongoing, and looks forward to engaging on additional refinements and modifications to PacifiCorp’s methodology for assessing system reliability in future IRP cycles. We appreciate the company’s commitment to continuing this work and engaging stakeholders, as reflected in its Reply Comments.²⁴

¹⁸ *Id.* at 56.

¹⁹ *See, e.g.*, Docket No. LC 73, Reply Comments of Renewable Northwest at 9, *supra* n.1.

²⁰ Initial Comments of Renewable Northwest at 13.

²¹ Staff’s Initial Comments at 6, 7.

²² PacifiCorp’s Reply Comments at 7.

²³ Initial Comments of Renewable Northwest at 8-9.

²⁴ PacifiCorp’s Reply Comments at 13.

e. Gateway South

Renewable Northwest is still assessing PacifiCorp's proposal regarding Gateway South and may wish to comment either at the March 10, 2020 Commission Public Meeting or in our later comments on Staff's Recommendations.

IV. CONCLUSION

Renewable Northwest again thanks the Commission for this opportunity to comment on PacifiCorp's 2019 IRP. We reiterate our support for this IRP as an important step in the company's transition from a carbon-intensive thermal portfolio to a modern system powered by renewables and balanced with other non-emitting resources. We look forward to continued collaboration with all stakeholders as we approach the conclusion of this IRP proceeding.

Respectfully submitted this 4th day of March, 2020,

/s/ Max Greene

Max Greene
Regulatory and Policy Director
Renewable Northwest
421 SW Sixth Ave. 975
Portland, OR 97204
(503) 223-4544